

NOVEMBER 13, 2023

MICHAEL ELSTRO

<p>UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK</p> <p>- - - - - x</p> <p>KITCHEN WINNERS NY INC., : PLAINTIFF, : v. : CIVIL ACTION ROCK FINTEK LLC, : NO. DEFENDANT. : 22-cv-05276-PAE ROCK FINTEK LLC, COUNTERCLAIM AND THIRD-PARTY PLAINTIFF, v. KITCHEN WINNERS NY INC, COUNTERCLAIM DEFENDANT and ADORAMA INC., HERSHEY WEINER, JOSEPH MENDLOWITZ, JNS CAPITAL HOLDINGS LLC AND JOEL STERN, THIRD-PARTY DEFENDANTS.</p> <p>- - - - - x</p> <p>REMOTELY CONDUCTED DEPOSITION OF MICHAEL ELSTRO MONDAY, NOVEMBER 13, 2023 9:06 A.M. CST REPORTED BY: KARISA EKENSEAIR, MO CCR RMR #1507</p>	<p style="text-align: right;">Page 3</p> <p>1 A P P E A R A N C E S 2 ON BEHALF OF THE PLAINTIFF KITCHEN WINNERS AND 3 THIRD-PARTY DEFENDANTS ADORAMA INC., HERSHEY 4 WEINER, AND JOSEPH MENDLOWITZ (VIA ZOOM): 5 ALEXANDER SPERBER, ESQUIRE 6 KIPSIUS BENHAIM LAW 7 80-02 KEW GARDENS ROAD, SUITE 1030 8 KEW GARDENS, NEW YORK 11415 9 212-981-8440 10 ASPERBER@LIPSIUSLAW.COM 11 12 ON BEHALF OF THE DEFENDANT ROCK FINTEK LLC (VIA 13 ZOOM): 14 PHILLIP RAKHUNOV, ESQUIRE 15 LAUREN RIDDLE, ESQUIRE 16 POLLACK SOLOMON DUFFY LLP 17 485 MADISON AVENUE, SUITE 1301 18 NEW YORK, NEW YORK 10022 19 212-493-3100 20 PRAKHUNOV@PSDFIRM.COM 21 22 23 24 25</p>
<p style="text-align: right;">Page 2</p> <p>1 DEPOSITION OF MICHAEL ELSTRO, CONDUCTED VIA 2 ZOOM VIDEOCONFERENCE WITH THE WITNESS LOCATED IN 3 MISSOURI. 4 5 6 7 8 9 10 11 Pursuant to notice, before Karisa J. 12 Ekenseair, Certified Shorthand Reporter in and for 13 the State Missouri; National Registered 14 Professional Reporter; National Registered Merit 15 Reporter; Notary Public in and for the State of 16 Arkansas. 17 18 19 20 21 22 23 24 25</p>	<p style="text-align: right;">Page 4</p> <p>1 A P P E A R A N C E S C O N T I N U E D 2 ON BEHALF OF THIRD-PARTY DEFENDANTS JNS CAPITAL 3 LLC AND JOEL STERN (VIA ZOOM): 4 AVRAM FRISCH, ESQUIRE 5 THE LAW OFFICE OF AVRAM E. FRISCH LLC 6 1 UNIVERSITY PLAZA DRIVE, SUITE 119 7 HACKENSACK, NEW JERSEY 07601 8 201-289-5352 9 FRISCHA@AVIFRISCHLAW.COM 10 11 ON BEHALF OF THE RESOURCE GROUP AND THE 12 DEPONENT (VIA ZOOM): 13 TAYLOR MATTHEWS, ESQUIRE 14 LEWIS RICE LLC 15 600 WASHINGTON AVENUE, SUITE 2500 16 ST. LOUIS, MISSOURI 63101 17 314-444-7600 18 TMATTHEWS@LEWISRICE.COM 19 20 ALSO PRESENT: 21 THOMAS KATO 22 HERSHEY WEINER 23 SEPIDEH KHANSARI, THE RESOURCE GROUP 24 25</p>

NOVEMBER 13, 2023

MICHAEL ELSTRO

Pages 5..8

Page 5	Page 7
<p>1 T A B L E O F C O N T E N T S</p> <p>2 PAGE</p> <p>3 STYLE AND NUMBER..... 1</p> <p>4 APPEARANCES..... 3</p> <p>5</p> <p>6 WITNESS: MIKE ELSTRO</p> <p>7 EXAMINATION BY MR. FRISCH..... 7</p> <p>8 EXAMINATION BY MR. SPERBER..... 56</p> <p>9 EXAMINATION BY MR. RAKHUNOV..... 63</p> <p>10</p> <p>11 CERTIFICATE OF REPORTER..... 68</p> <p>12</p> <p>13 EXHIBITS</p> <p>14 NUMBER DESCRIPTION PAGE</p> <p>15 EXHIBIT 1 E-MAIL CHAIN RE [EXTERNAL] FW:</p> <p>16 200M NITRILE GLOVES, BATES</p> <p>17 NUMBER TRG00000019 THROUGH 21,</p> <p>18 CONFIDENTIAL..... 42</p> <p>19 EXHIBIT 2 E-MAIL CHAIN RE [EXTERNAL] FW:</p> <p>20 QUOTATION #1121-107405 FROM</p> <p>21 AKRON RUBBER DEVELOPMENT</p> <p>22 LABORATORY, INC., BATES NUMBER</p> <p>23 TRG00001268 THROUGH 1270,</p> <p>24 CONFIDENTIAL..... 45</p> <p>25</p>	<p>1 PROCEEDINGS</p> <p>2 MIKE ELSTRO</p> <p>3 of lawful age, being first duly sworn, deposes and</p> <p>4 says in reply to the questions propounded as</p> <p>5 follows:</p> <p>6 EXAMINATION</p> <p>7 BY MR. FRISCH:</p> <p>8 Q Good morning, sir. My name is Avram</p> <p>9 Frisch. I'm the attorney for third-party</p> <p>10 defendants Joel Stern and JNS Capital Holdings</p> <p>11 LLC. And I'm going to be asking you questions</p> <p>12 here today regarding the litigation between Rock</p> <p>13 Fintek LLC, my clients, and the clients of</p> <p>14 Mr. Sperber who is the plaintiff in this action,</p> <p>15 and some of the other third-party defendants.</p> <p>16 Can you state your name and address for</p> <p>17 the record, please? Your business address is</p> <p>18 fine.</p> <p>19 A Yes. My name is Michael Elstro. My</p> <p>20 business address would be 2554 West Port Center</p> <p>21 Drive, St. Louis, Missouri.</p> <p>22 Q Thank you. Have you ever testified at a</p> <p>23 deposition before?</p> <p>24 A No, sir. I have not.</p> <p>25 Q All right. So let me explain to what you</p>
Page 6	Page 8
<p>1 EXHIBITS</p> <p>2 NUMBER DESCRIPTION PAGE</p> <p>3 EXHIBIT 3 E-MAIL CHAIN RE [EXTERNAL] INV</p> <p>4 200M NITRILE GLOVES REVISED,</p> <p>5 BATES NUMBER TRG00000066</p> <p>6 THROUGH 67, CONFIDENTIAL..... 46</p> <p>7 EXHIBIT 4 E-MAIL CHAIN RE [EXTERNAL] RE:</p> <p>8 MEDCARE EXAM GLOVE - QA</p> <p>9 INSPECTION, BATES NUMBER</p> <p>10 TRG00000542 THROUGH 543,</p> <p>11 CONFIDENTIAL..... 47</p> <p>12 EXHIBIT 5 E-MAIL CHAIN RE !! MEDCARE</p> <p>13 BRAND GLOVES !!, BATES NUMBER</p> <p>14 TRG00000261 THROUGH 263,</p> <p>15 CONFIDENTIAL..... 49</p> <p>16 EXHIBIT 6 E-MAIL CHAIN RE MEDCARE 3PL</p> <p>17 GLOVES, BATES NUMBER</p> <p>18 TRG00000087 THROUGH 88,</p> <p>19 CONFIDENTIAL..... 53</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	<p>1 this is about.</p> <p>2 During the course of the deposition, I and</p> <p>3 my colleagues in the case will be asking you</p> <p>4 questions about issues in the case. We've</p> <p>5 negotiated with your counsel to limit the issues</p> <p>6 to specific items, which I'm sure he'll remind me</p> <p>7 when I stray beyond that.</p> <p>8 You're answering under oath, as you know.</p> <p>9 And you know, this is to be treated as the same as</p> <p>10 if you were in a courtroom, right. Tell the truth</p> <p>11 and, you know, and you cannot discuss the</p> <p>12 questions and answers directly with your counsel</p> <p>13 as they're ongoing.</p> <p>14 If you need a break, please let me know.</p> <p>15 As long as no question is pending, we'll be happy</p> <p>16 to take a break whenever you need it.</p> <p>17 If you don't understand a question, please</p> <p>18 let me know and I'll repeat it or rephrase it.</p> <p>19 Please speak your answers aloud so that the</p> <p>20 stenographer can record all of your responses.</p> <p>21 Please also don't do uh-huhs, yes, no, head -- not</p> <p>22 yes -- I mean, uh-huh, yeah, something like that.</p> <p>23 Use full words and no head nods so that the court</p> <p>24 reporter can take it down.</p> <p>25 Other than with your attorney, have you</p>

NOVEMBER 13, 2023

MICHAEL ELSTRO

Pages 25..28

<p style="text-align: right;">Page 25</p> <p>1 <b>put the gloves so that would have been at least a</b>  2 <b>way to use them up?</b>  3 MR. MATTHEWS: Object to the form; beyond  4 the scope of the deposition topics.  5 But you may answer, if you know.  6 THE WITNESS: So healthcare providers  7 depend upon PPE, right. It is their livelihood,  8 right, to protect them from bodily fluids, waste.  9 And when that comes into question, we can't take  10 that risk. You're putting people's lives at  11 potential risk by utilizing product that is  12 counterfeit and ineffective.  13 BY MR. FRISCH:  14 <b>Q Well, let's ask that: What makes you say</b>  15 <b>that the gloves were counterfeit?</b>  16 A I would say that the gloves were  17 counterfeit because they did not meet the  18 specifications and representations that The  19 Resource Group was provided. It clear articulates  20 on our purchase orders that the gloves should be  21 ASTM D6319-rated, that they should be nitrile  22 gloves, they should be FDA approved.  23 And based upon the representations that  24 were provided to us from Rock Fintek and had  25 Kitchen Winners name on it, I mean, the boxes</p>	<p style="text-align: right;">Page 27</p> <p>1 MR. RAKHUNOV: Yeah. Note my objection to  2 form as well.  3 THE WITNESS: The Resource Group and  4 Ascension don't care what the contract says  5 between Rock Fintek and Kitchen Winners or JNS  6 Capital. Our contract stated that there should be  7 ASTM D6319-rated nitrile gloves, FDA approved, and  8 the gloves are not.  9 BY MR. FRISCH:  10 <b>Q Did you -- were you ever in communication</b>  11 <b>with Medcare directly?</b>  12 A I was part of one conference call with  13 individuals that were, I'm told, part of Medcare.  14 I've met them one time on a conference call.  15 <b>Q Because you said they were counterfeit</b>  16 <b>gloves, do you have any reason to believe that</b>  17 <b>these gloves were not shipped by Medcare and not</b>  18 <b>manufactured by Medcare?</b>  19 MR. MATTHEWS: Object to form; beyond the  20 scope of the topics.  21 But you may answer, if you know.  22 THE WITNESS: I can't speculate on that.  23 BY MR. FRISCH:  24 <b>Q Were there any gloves that were good</b>  25 <b>in -- in the 200 million gloves, did you figure</b></p>
<p style="text-align: right;">Page 26</p> <p>1 state -- even the outside of the boxes state  2 nitrile on them, the outer box and the inner box,  3 and that is not the case.  4 <b>Q Well, you -- you had two boxes examined,</b>  5 <b>right, for whether or not they were nitrile; isn't</b>  6 <b>that correct?</b>  7 MR. RAKHUNOV: Avi, I'm sorry, can you  8 just please speak up a little? You trail off at  9 the end of your question.  10 BY MR. FRISCH:  11 <b>Q I said you had two boxes examined to</b>  12 <b>determine if they were nitrile; is that correct?</b>  13 A So that's not what I said. I said the  14 gloves were not ASTM D6319-rated. The gloves did  15 not pass elongation and tensile testing.  16 Therefore, they're not -- they did not meet the  17 requirement to be an ASTM D6319 nitrile glove.  18 <b>Q Would it surprise you to learn that the</b>  19 <b>contract between Rock Fintek and JNS and Joel</b>  20 <b>Stern did not -- did not reference ASTM D6319?</b>  21 MR. MATTHEWS: I'm going to object to the  22 form. I'm going to object that it's beyond the  23 scope of the deposition topics. And I will object  24 based upon foundation, or lack thereof.  25 Subject to that, you may answer, Mike.</p>	<p style="text-align: right;">Page 28</p> <p>1 <b>out if there was any that were usable?</b>  2 A I don't know if any of the gloves were  3 good. What I do know is that we cannot trust that  4 the 200 million gloves or 196 million that we  5 received some are good and some are not. We can't  6 put that on a healthcare provider to send gloves  7 in and say open the box and see if you think these  8 are good enough. They don't have time to do that.  9 If you're ever in a healthcare setting,  10 folks are running to grab gloves sometimes to take  11 care of their patients. We cannot put that burden  12 on healthcare providers.  13 <b>Q Once you discovered the issues with the</b>  14 <b>gloves, did you request that Rock Fintek give you</b>  15 <b>a replacement?</b>  16 A The Resource Group has asked that Rock  17 Fintek make us whole on the situation. I believe  18 there's a Lewis &amp; Rice letter that was sent to  19 Rock Fintek in March of 2022 that lays out our  20 requests or demands of Rock Fintek, that we be  21 made whole on the order that was received, so the  22 196 million gloves, close to \$37 million; not to  23 mention the fact that we have well north of  24 \$2 million in holding costs for these gloves at  25 this point in time and that continues to grow, and</p>

NOVEMBER 13, 2023

MICHAEL ELSTRO

Pages 29..32

<p style="text-align: right;">Page 29</p> <p>1 other damages.</p> <p>2 <b>Q And what was their response to that?</b></p> <p>3 A I do not know.</p> <p>4 <b>Q I'm going to call up the letter. Did it</b></p> <p>5 <b>pop up? That was labeled at, I think, Mr. Kato's</b></p> <p>6 <b>deposition as JNS A -- Exhibit A.</b></p> <p>7 <b>Is this the letter you were referring to?</b></p> <p>8 MR. MATTHEWS: Mike, are you able to click</p> <p>9 through it?</p> <p>10 THE WITNESS: Yes, sir.</p> <p>11 That looks like the letter. I'm just --</p> <p>12 sorry, I'm just trying to make -- blow it up and</p> <p>13 just make sure that --</p> <p>14 BY MR. FRISCH:</p> <p>15 <b>Q You can -- you can control --</b></p> <p>16 A Yes.</p> <p>17 <b>Q -- the size and the scrolling --</b></p> <p>18 A Yes.</p> <p>19 <b>Q -- on your own screen.</b></p> <p>20 A Yep. Yes, sir. I understand.</p> <p>21 Yes. That is the letter.</p> <p>22 <b>Q Do you happen to know why your attorney</b></p> <p>23 <b>believed that Rock Fintek LLC was not formed until</b></p> <p>24 <b>May 1st, 2021?</b></p> <p>25 MR. MATTHEWS: Object to form; and calls</p>	<p style="text-align: right;">Page 31</p> <p>1 <b>Medcare gloves?</b></p> <p>2 A I don't recall specifically. Although, I</p> <p>3 do recall we had -- we had multiple conversations</p> <p>4 with Rock Fintek when they thought that they had</p> <p>5 found a provider that could fulfill the order, but</p> <p>6 I don't recall all those different brands of</p> <p>7 gloves.</p> <p>8 <b>Q Okay. What -- when you first discovered</b></p> <p>9 <b>the gloves were bad, did -- when did you first ask</b></p> <p>10 <b>Rock Fintek to replace the gloves or to make you</b></p> <p>11 <b>whole?</b></p> <p>12 A We brought it to their attention in July</p> <p>13 of '21, that the gloves were bad and we needed to</p> <p>14 find resolution and find replacement gloves.</p> <p>15 <b>Q And what was -- what was their response in</b></p> <p>16 <b>July of 2021?</b></p> <p>17 MR. RAKHUNOV: Objection. Go ahead.</p> <p>18 THE WITNESS: We had -- we had multiple</p> <p>19 conversations with Rock Fintek. I think at first</p> <p>20 they believed that we had received good gloves.</p> <p>21 But as time went on in the conversation and they</p> <p>22 went out and they started looking at the gloves at</p> <p>23 the Medline warehouses, they understood that we</p> <p>24 had a situation on our hands.</p> <p>25 BY MR. FRISCH:</p>
<p style="text-align: right;">Page 30</p> <p>1 for a disclosure of attorney-client</p> <p>2 communications.</p> <p>3 So I will instruct the witness not to</p> <p>4 answer as to what his knowledge of his attorney's</p> <p>5 belief is.</p> <p>6 MR. FRISCH: Okay. Let me rephrase that</p> <p>7 without reference.</p> <p>8 BY MR. FRISCH:</p> <p>9 <b>Q Do you know, without reference to any</b></p> <p>10 <b>conversations with any of your attorneys, if Rock</b></p> <p>11 <b>Fintek LLC was not formed until May 1st, 2021?</b></p> <p>12 A I'm sorry, can you repeat the last part of</p> <p>13 your question? You've asked -- I'm having issues</p> <p>14 hearing you at the end.</p> <p>15 <b>Q Sorry. I'll get a little closer to the</b></p> <p>16 <b>screen.</b></p> <p>17 <b>Do you know, without reference to</b></p> <p>18 <b>conversations with your attorneys which I don't</b></p> <p>19 <b>want to know about, do you know if Rock Fintek LLC</b></p> <p>20 <b>was only formed on May 1, 2021, as noted in the</b></p> <p>21 <b>footnote in this letter?</b></p> <p>22 A I'm not aware.</p> <p>23 <b>Q Okay. Did Rock Fintek ever offer you</b></p> <p>24 <b>another brand of gloves during the period, let's</b></p> <p>25 <b>say around April 2021, in -- in lieu of the</b></p>	<p style="text-align: right;">Page 32</p> <p>1 <b>Q Another document, this had also previously</b></p> <p>2 <b>been marked at Mr. Kato's deposition as JNS</b></p> <p>3 <b>Exhibit F.</b></p> <p>4 <b>And here, Mr. Kato writes -- I'm trying to</b></p> <p>5 <b>find the line I want you to look at. In -- if</b></p> <p>6 <b>you -- well, just read through this -- this</b></p> <p>7 <b>e-mail. I know you're not copied on it, but maybe</b></p> <p>8 <b>you're familiar with it anyway.</b></p> <p>9 <b>Just read through it quickly and then I'll</b></p> <p>10 <b>ask my question.</b></p> <p>11 A Okay. Please give me just a couple of</p> <p>12 minutes.</p> <p>13 (Off-the-record discussion.)</p> <p>14 MR. FRISCH: All right. Are we back on</p> <p>15 the record?</p> <p>16 BY MR. FRISCH:</p> <p>17 <b>Q Michael, you ready? You read it or</b></p> <p>18 <b>you still --</b></p> <p>19 A I did. I was having problems trying to</p> <p>20 read it when you guys were talking --</p> <p>21 <b>Q Oh, sorry --</b></p> <p>22 A -- so if you guys can give me a couple</p> <p>23 minutes of silence --</p> <p>24 <b>Q Sure.</b></p> <p>25 A -- I'd appreciate it. Thank you.</p>

NOVEMBER 13, 2023

MICHAEL ELSTRO

Pages 33..36

<p style="text-align: right;">Page 33</p> <p>1 THE REPORTER: Would we like to go off the</p> <p>2 record?</p> <p>3 MR. RAKHUNOV: Yeah. Let's go off the</p> <p>4 record for two minutes.</p> <p>5 (Whereupon a break was had.)</p> <p>6 BY MR. FRISCH:</p> <p>7 <b>Q Have you ever seen this document before?</b></p> <p>8 A No, sir. I have not.</p> <p>9 <b>Q In the middle, it says in -- later in</b></p> <p>10 <b>February and March, we were able to secure</b></p> <p>11 <b>pre-pandemic brand gloves like Kimberly Clark,</b></p> <p>12 <b>Intco, and others. These name brands would have</b></p> <p>13 <b>cost us less to purchase but we did not. Vince</b></p> <p>14 <b>told us not to. He said Medcare gloves are in all</b></p> <p>15 <b>the hospitals and they are very happy with them</b></p> <p>16 <b>and it's more work to input a new product.</b></p> <p>17 <b>Were you aware of this conversation that</b></p> <p>18 <b>Mr. Kato says occurred?</b></p> <p>19 MR. MATTHEWS: Objection to the form;</p> <p>20 beyond the scope of the deposition notice.</p> <p>21 But you may answer, if you know.</p> <p>22 THE WITNESS: I'm not aware of that.</p> <p>23 BY MR. FRISCH:</p> <p>24 <b>Q Are you aware of any -- if I told you</b></p> <p>25 <b>Vince said this, is that -- would that have</b></p>	<p style="text-align: right;">Page 35</p> <p>1 the scope of the deposition notice.</p> <p>2 But subject to that, you may answer, if</p> <p>3 you know.</p> <p>4 THE WITNESS: Unfortunately, I don't</p> <p>5 remember the cost of every glove that we purchased</p> <p>6 during COVID-19. As I stated, they were -- they</p> <p>7 were ranging from 15 to \$0.20 a glove.</p> <p>8 BY MR. FRISCH:</p> <p>9 <b>Q Did Rock Fintek ever replace a single</b></p> <p>10 <b>glove?</b></p> <p>11 A To my knowledge, Rock Fintek has not</p> <p>12 replaced any of the 196 million-ish gloves that</p> <p>13 we -- we, The Resource Group, have received.</p> <p>14 <b>Q Did Rock Fintek refund any money?</b></p> <p>15 A To my knowledge, we have not received any</p> <p>16 reimbursement refunds of the close to \$37 million</p> <p>17 plus the holding costs and other damages as part</p> <p>18 of this.</p> <p>19 <b>Q Did Rock Fintek do anything to make the</b></p> <p>20 <b>situation better on your end?</b></p> <p>21 MR. RAKHUNOV: Objection.</p> <p>22 THE WITNESS: The situation is unresolved</p> <p>23 on our end. We still have purchased 196 million</p> <p>24 gloves, close to \$37 million, holding costs, and</p> <p>25 other damages. And we have not recouped any of</p>
<p style="text-align: right;">Page 34</p> <p>1 <b>been -- strike that.</b></p> <p>2 <b>I guess, just to be clear, are you -- do</b></p> <p>3 <b>you think there's any truth to Mr. Kato's</b></p> <p>4 <b>statement here?</b></p> <p>5 MR. MATTHEWS: Object to the form; beyond</p> <p>6 the scope of the deposition notice; calls for</p> <p>7 speculation.</p> <p>8 Subject to that, you may answer.</p> <p>9 MR. RAKHUNOV: Objection.</p> <p>10 THE WITNESS: We bought -- we bought</p> <p>11 gloves from the other providers listed. And when</p> <p>12 I say from them, not from them, but from middle --</p> <p>13 middlemen, right, that were selling those gloves.</p> <p>14 We had Kimberly Clark, Intco. We had multiple</p> <p>15 brands of gloves we purchased during COVID-19.</p> <p>16 And I can tell you the going rate for</p> <p>17 gloves was very high. We buy gloves</p> <p>18 two-and-a-half, \$0.03 a day. Gloves were going</p> <p>19 for 15 to close to \$0.20 a glove during COVID-19.</p> <p>20 BY MR. FRISCH:</p> <p>21 <b>Q Do you happen to recall if Kimberly Clark</b></p> <p>22 <b>gloves were more or less expensive than the</b></p> <p>23 <b>Medcare gloves you brought from Rock Fintek at</b></p> <p>24 <b>that point in time?</b></p> <p>25 MR. MATTHEWS: Object to the form; beyond</p>	<p style="text-align: right;">Page 36</p> <p>1 that today.</p> <p>2 BY MR. FRISCH:</p> <p>3 <b>Q And you testified you're still holding</b></p> <p>4 <b>them at the Medline distribution center?</b></p> <p>5 MR. MATTHEWS: Object to the form. That's</p> <p>6 beyond the scope of this deposition notice.</p> <p>7 Subject to that, if you have personal</p> <p>8 knowledge, you may answer.</p> <p>9 THE WITNESS: I'm not -- so my day-to-day</p> <p>10 role, I'm not directly tied into, like, the</p> <p>11 holding of the gloves and distributing them. I do</p> <p>12 know that Ascension, so the parent organization of</p> <p>13 The Resource Group, has donated a good number of</p> <p>14 the gloves, but we are still holding a substantial</p> <p>15 amount, over half of the order, at Medline</p> <p>16 distribution centers.</p> <p>17 BY MR. FRISCH:</p> <p>18 <b>Q Do you know how much you paid Rock Fintek</b></p> <p>19 <b>in total for the Medcare gloves?</b></p> <p>20 A It was -- we paid Rock Fintek what we had</p> <p>21 been invoiced for, so it was close to 100 -- 196</p> <p>22 million at the 18-and-a-half cents per glove.</p> <p>23 They invoiced us -- every time that we received an</p> <p>24 order, Medline checked it, sent us a notice it was</p> <p>25 received. Rock Fintek would send us an individual</p>



NOVEMBER 13, 2023

MICHAEL ELSTRO

Pages 37..40

<p style="text-align: right;">Page 37</p> <p>1 invoice and we would pay it.</p> <p>2 <b>Q But you're not aware of the total sitting</b></p> <p>3 <b>here today?</b></p> <p>4 A I don't know the exact total. As I said,</p> <p>5 it's close to \$37 million.</p> <p>6 <b>Q What -- had these gloves be acceptable,</b></p> <p>7 <b>what is the likelihood that Rock Fintek would have</b></p> <p>8 <b>gotten another contract from The Resource Group?</b></p> <p>9 A I -- so I'll -- I'll answer, but it's kind</p> <p>10 of speculative at this point in time, like, what</p> <p>11 it would have been. And I'll address it from two</p> <p>12 different angles. So I'll approach it from a</p> <p>13 short-term and long-term perspective.</p> <p>14 So short term, while we were in the midst</p> <p>15 of COVID-19, I think it's highly likely that we</p> <p>16 would have continued to engage with Rock Fintek in</p> <p>17 additional business opportunities. There were</p> <p>18 other needs that came up. It was like playing</p> <p>19 Whac-A-Mole, right. You didn't know day-to-day,</p> <p>20 week-to-week, what our medical supply needs would</p> <p>21 be.</p> <p>22 So you know, it was gloves when we made</p> <p>23 the glove purchase. But, you know, there was a</p> <p>24 run where people were having issues getting bent</p> <p>25 metal, things like wheelchairs and walkers,</p>	<p style="text-align: right;">Page 39</p> <p>1 Medline, that we continued to buy during COVID-19</p> <p>2 and we continue today.</p> <p>3 BY MR. FRISCH:</p> <p>4 <b>Q Was there any effort -- was there ever a</b></p> <p>5 <b>time where somebody would have told Thomas Kato</b></p> <p>6 <b>that he would have the ability to bid for a</b></p> <p>7 <b>contract for gloves in the future?</b></p> <p>8 MR. MATTHEWS: Avi, can you repeat that?</p> <p>9 I'm sorry, we're having a hard time listening --</p> <p>10 MR. FRISCH: Sorry. Every time I sit</p> <p>11 back, it's a little bit --</p> <p>12 MR. MATTHEWS: That's okay.</p> <p>13 MR. FRISCH: Sorry about that.</p> <p>14 BY MR. FRISCH:</p> <p>15 <b>Q Was there ever a time where Mr. Kato would</b></p> <p>16 <b>have told by somebody at The Resource Group to</b></p> <p>17 <b>your knowledge that he was able to bid on a</b></p> <p>18 <b>contract for gloves going forward?</b></p> <p>19 A So I talked about the short-term potential</p> <p>20 business earlier. The long-term potential</p> <p>21 business was a conversation that Rock Fintek had</p> <p>22 brought forward to The Resource Group. Obviously,</p> <p>23 they wanted to continue a business relationship,</p> <p>24 potentially get into the medical supplies</p> <p>25 business.</p>
<p style="text-align: right;">Page 38</p> <p>1 crutches and canes, right.</p> <p>2 We reached out to the suppliers that we</p> <p>3 had been dealing with during COVID-19 and said,</p> <p>4 can you source any of these. So an opportunity</p> <p>5 like that is something like Rock Fintek would have</p> <p>6 missed out upon. Because once we received the</p> <p>7 counterfeit gloves, we did not reach out to them</p> <p>8 to do any more additional business.</p> <p>9 <b>Q Okay. Was there any -- who was your --</b></p> <p>10 <b>your regular provider of gloves prior to the</b></p> <p>11 <b>pandemic?</b></p> <p>12 MR. MATTHEWS: Object to form; beyond the</p> <p>13 scope of the deposition notice.</p> <p>14 Subject to that, you may answer, if you</p> <p>15 know.</p> <p>16 THE WITNESS: So prior to COVID-19, we</p> <p>17 were utilizing Medline for the vast majority of</p> <p>18 our nitrile exam gloves business.</p> <p>19 BY MR. FRISCH:</p> <p>20 <b>Q And have you returned to Medline at this</b></p> <p>21 <b>point in time?</b></p> <p>22 MR. MATTHEWS: Object to the form; beyond</p> <p>23 the scope of the notice.</p> <p>24 But subject to that, you may answer.</p> <p>25 THE WITNESS: I'd state that we never left</p>	<p style="text-align: right;">Page 40</p> <p>1 I don't recall directly having those</p> <p>2 conversations with Tommy Kato or -- or Brad, but I</p> <p>3 can tell you that I know Todd Adams who was at the</p> <p>4 time our chief operating officer and Dewayne Rader</p> <p>5 who is our vice president for -- for supply chain,</p> <p>6 both individuals had conversations with Tommy and</p> <p>7 they -- and told me that they had conversations</p> <p>8 with Tommy about that.</p> <p>9 The conversations really were around the</p> <p>10 fact of if they would -- they need to clear some</p> <p>11 major hurdles to do that, we would have</p> <p>12 discussions with them, just like we would other</p> <p>13 suppliers. But to get into that medical space,</p> <p>14 supply space, Todd and Dwayne let Rock Fintek</p> <p>15 know, one, you've got to go through all the FDA</p> <p>16 approvals, right. And that is no small hurdle.</p> <p>17 And two, you're also dealing with -- when</p> <p>18 you talk about gloves and PPE and masks, you're</p> <p>19 talking about some ginormous companies and</p> <p>20 organizations that they would have to get very</p> <p>21 competitive on price.</p> <p>22 So there were a couple of big hurdles</p> <p>23 there, but if they were willing to clear those,</p> <p>24 then we would certainly talk to them. But they</p> <p>25 would have to look at winning the business. It</p>